



G A O

Accountability * Integrity * Reliability

United States Government Accountability Office
Washington, DC 20548

May 17, 2012

The Honorable Sam Johnson
Chairman
Subcommittee on Social Security
Committee on Ways and Means
House of Representatives

Thank you for the opportunity to testify before the Committee on Ways and Means, Subcommittee on Social Security on March 20, 2012 during the hearing on Securing the Future of the Social Security Disability Insurance Program. The attached enclosure is GAO's response to the subcommittee's questions for the record. If you have any questions, please contact Daniel Bertoni at (202) 512-7215.

Sincerely yours,

Daniel Bertoni, Director
Education, Workforce,
and Income Security Issues

Enclosure

1. In Mr. Bertoni's testimony, he said that Social Security's disability program has remained on the Government Accountability Office's high-risk list "in part, because their programs emphasize medical conditions in assessing work capacity without adequate consideration of work opportunities afforded by advances in medicine, technology, and job demands."

Would you explain what this means?

Modern concepts of disability focus on an individual's functional abilities in the workplace environment, including consideration of the presence or lack of assistance. In our 2011 high risk update, we noted that efforts to update and revise eligibility criteria did not incorporate a modern understanding of how technology and labor market changes could affect eligibility for disability benefits.¹ These modern views are reflected in the International Classification of Functioning, Disability, and Health (ICF), which is the World Health Organization's framework for assessing health and disability. This framework takes into account the interaction of health conditions and contextual factors, such as products, technology, attitudes, and services, on an individual's functioning, rather than viewing disability solely as a medical or biological issue. In other words, under this concept, two people with the same impairment might have different degrees of work disability for a variety of reasons.

SSA's disability programs have fallen short of modern concepts, in part, by relying primarily on medical conditions to determine disability. At step 3 of SSA's disability determination process, SSA examiners assess the applicant's medical impairment(s) against the Listings of Impairments, also known as the medical listings. If the individual's impairment meets or is equal in severity to one or more of those in the listings, the individual is determined to have a disability at step 3. At this step, SSA generally relies on information on the applicant's diagnoses, including laboratory findings, diagnostic tests, and symptoms, as well as some limited consideration of the applicant's functional limitations to determine the severity of an impairment. SSA created the listings to have a clear set of medical conditions that, if present, preclude the individual from working, and to limit the number of cases requiring a more involved and individualized assessment of individual function and capacity for work. At the same time, this step 3 approach tends to equate medical severity of a medical condition with an inability to work, which is not consistent with modern concepts. Rather than eliminate this expedient step, experts have recommended that SSA incorporate more consideration of individual functioning in its medical listings where appropriate.

SSA's disability programs also fall short of modern concepts at other steps of its disability determination process, by relying on outdated occupational information to determine capacity to perform past relevant work (step 4) or any work that is performed in the national economy (step 5). To inform determinations at steps 4 and 5, SSA uses a Department of Labor database—known as the Dictionary of Occupational Titles (DOT)—which is an inventory of occupations performed in the national economy. GAO and others have reported that the DOT—which has not been updated since 1991—is outdated. In our testimony, we reported on SSA's progress in creating a new occupational information system (OIS) to replace the outdated DOT.

¹ GAO, *High-Risk Series: An Update*, GAO-11-278 (Washington, D.C.: February, 2011).

Finally, researchers and disability experts have commented on the limitations of SSA's current disability program eligibility criteria to fully consider whether an individual can function in the workplace due to limited consideration of assistive devices, including those in the workplace—limitations that GAO has also noted.² Several groups, such as the Social Security Advisory Board and the Urban Institute—have reported that SSA's disability programs should focus more on whether an individual can work given appropriate environmental or other supports, and that SSA—through its demonstration authority or other means—has played or could play a role in testing options.

Our forthcoming report will describe how well SSA is managing the development of its OIS against best practices and will identify mitigation strategies to address project risks. Our report will also describe SSA's progress and challenges related to incorporating modern concepts into its disability criteria, such as additional consideration of individual function, assistive devices, and/or workplace accommodations in SSA's disability determination process.

2. What should Social Security be doing differently to get off the high-risk list?

GAO removes a high-risk designation when legislative, administration, and agency actions—including those in response to our recommendations—result in significant progress toward resolving a high-risk problem. Specifically, the five criteria for determining if the high-risk designation can be removed are (1) a demonstrated strong commitment to, and top leadership support for, addressing problems; (2) the capacity to address problems; (3) a corrective action plan; (4) a program to monitor corrective measures; and (5) demonstrated progress in implementing corrective measures.

SSA's high-risk designation is based, in part, on not fully incorporating a modern understanding of how technology and labor market changes could affect eligibility for disability benefits, but also for continuing struggles with growing workloads and long waits for decisions. In our last high risk update, we found that SSA has taken steps in both areas, but further action is needed. With respect to incorporating a modern understanding of disability, our forthcoming report will detail progress SSA has made and recommend areas for further action. In turn, GAO will assess SSA's response to these recommendations against our criteria for removing SSA's high risk designation.

3. The Dictionary of Occupational Titles, which was the go-to resource for jobs in the national economy, is no longer being kept up to date by the Department of Labor. As a result, Social Security has decided to develop its own resource, called the Occupational Information System (OIS). Is this decision in the best interest of taxpayers? How much is the statutory definition of disability driving such a costly and time-consuming effort?

While GAO and others have reported that SSA needs to base its disability decisions on more updated occupational information, whether SSA's decision to develop a new occupational information system (OIS) is in the best interest of taxpayers will depend on the final shape, scope and cost, which have not yet been determined. In our testimony, we

² GAO, *SSA Disability Programs: Fully Updating Disability Criteria Has Implications for Program Design*, GAO-02-919T (Washington, D.C.: July 11, 2002).

reported that SSA has already determined that the Department of Labor's own replacement for the DOT—the Occupational Information Network (O*NET)—is not sufficiently detailed for evaluating disability claims, so the agency began developing its own occupational information system to better reflect the physical and mental demands of work in the national economy. We also reported that SSA has made progress on baseline activities and experienced delays in completing others. Our forthcoming report will assess SSA's management of the OIS project against sound practices for estimating costs, scheduling, and assessing risk. In particular, our report will discuss challenges associated with developing a new OIS, including the cost of maintaining a new OIS, that could affect the overall success of the project.

Because SSA has not yet determined the scope of the OIS, it is still unclear the extent to which the statutory definition of disability is driving or will drive the cost of the OIS. SSA has determined that the new OIS must enable the agency to adjudicate claims based on the requirements of the Social Security Act, including the statutory definition for disability—notably, that the severity of the impairment prevents the individual from doing not only his or her prior work, but any work which exists in the national economy. This in turn means that the OIS must reflect the national existence and incidence of work, must reflect work requirements, and must be legally defensible. Our forthcoming report will take note of SSA's progress in determining the number of occupations and other types of information needed to meet these requirements. It will also note SSA efforts to determine the number and type of jobs that are applicable to SSA claims.

4. In Mr. Bertoni's testimony, he noted that Social Security has developed cost estimates for the research and development of OIS but not for the implementation or maintenance of the new system. Why is it important for Social Security to have life cycle costs for the entire OIS project at this point in time, considering they are still in the research and design phase? Is this feasible at this juncture?

According to industry best practices, cost estimates should be comprehensive and include all costs necessary to achieve agency objectives and these costs should be updated as the agency proceeds with the project and gains more information. In our testimony, we noted that the cost of sustaining an OIS could be significant, based on other agencies' experiences maintaining their systems for collecting national occupational information. Our forthcoming report will discuss the importance of estimating production and maintenance costs to ensure the system being designed is viable and affordable to both produce and maintain. It will also discuss how other federal information systems—such as O*NET—can provide some basis for estimating the cost of producing or maintaining an OIS.

5. Is the cost and structure of the current disability process sustainable?

We have not conducted the work necessary to answer this question. The sustainability of the current disability process both in relationship to costs and structure is dependent on many variables and would require complex analysis of alternatives.